

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 COME-00 INT-08 TRSE-00 CIAE-00

INR-10 NSAE-00 RSC-01 DRC-01 /057 W

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R 262106Z JUN 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3843

UNCLAS OTTAWA 2018

E.O. 11652: N/A

TAGS: EIND, EMIN, ETRD, CA

SUBJECT: REQUEST FOR INFORMATION ON FOREIGN STEEL INDUSTRIES

REF: STATE 127209

1. THE FOLLOWING INFORMATION WAS OBTAINED FROM THE IRON AND STEEL DIVISION OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (ITC) AND IS KEYED TO REQUESTS SET FORTH IN PARA ONE OF REFTEL:

A. BEGINNING CY 1974 PRODUCTION CAPACITY: 15 MILLION METRIC TONS OF RAW STEEL.

B. ESTIMATED CY 1980 CAPACITY: 20 TO 21.8 MILLION METRIC TONS OF RAW STEEL. THESE ESTIMATES DESCRIBED AS "CONSERVATIVE" ON BASIS OF CURRENT KNOWLEDGE. PROJECTS CURRENTLY DESCRIBED AS "PIE-IN-THE-SKY" AND INVOLVING A CAPACITY OF UP TO ABOUT 7 MILLION METRIC TONS (INCLUDING 1.8 TO 3.6 MILLION METRIC TON JAPANESE PLANT IN BRITISH COLUMBIA AND STEEL COMPLEX ON CANADIAN EAST COAST) COULD CONCEIVABLY PROVE THESE CY 1980 ESTIMATES TOO LOW IF (AND IT IS NOT CONSIDERED LIKELY) THESE PROJECTS WERE LAUNCHED BEFORE END OF 1976.

C. IN CONSTANT 1973/74 DOLLARS, COST PER ANNUAL PRODUCTION TON ESTIMATED AT \$300 TO \$400 FOR GREEN FIELD SITES. ITC OFFICIALS BELIEVE THAT CANADIAN COSTS PER TON SHOULD BE ABOUT IDENTICAL TO U.S. COSTS.

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D. ESTIMATED CANADIAN DOMESTIC DEMAND IN 1980: 16.3

TO 17.3 MILLION METRIC TONS OF FINISHED STEEL.

E. WHILE ESTIMATED 1980 DOMESTIC DEMAND EXPECTED TO EQUAL ESTIMATED 1980 CAPACITY, ITC OFFICIALS EXPECT PRESENT EXPORT-IMPORT TRADE OF APPROXIMATELY 10 PERCENT TO CONTINUE, I.E., IMPORTS AND EXPORTS BALANCED AT ABOUT 1.7 MILLION METRIC TONS EACH WAY. THIS TWO-WAY TRADE EXPECTED TO CONTINUE PRIMARILY WITH THE UNITED STATES. ANY PRODUCTION WHICH MIGHT RESULT FROM PROJECTS NOTED IN B ABOVE WOULD BE EXPORT-ORIENTED. IN THE CASE OF THE PROPOSED B.C. PROJECT PRODUCTION WOULD BE EXPECTED TO BEFORE THE JAPANESE MARKET.

2. SET OF RECENT PAPERS ON CANADIAN STEEL INDUSTRY, INCLUDING SUBMISSIONS TO OECD AND ECE, BEING POUCHED TO EB/ICD/ISM.

3. ITC OFFICIALS EXPRESSED KEEN INTEREST IN TERMS OF REFERENCE FOR SUBJECT INTER-AGENCY STUDY AND, IF POSSIBLE, EMBASSY WOULD APPRECIATE BEING ABLE TO ACCOMMODATE THIS INTEREST, INCLUDING ANY RESULTS OF STUDY WHEN AND IF AVAILABLE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, STEEL PLANTS, PRODUCTION DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA02018
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740169-0501
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740612/aaaaajwj.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 127209
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 AUG 2002 by PhilliR0>; APPROVED <22-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REQUEST FOR INFORMATION ON FOREIGN STEEL INDUSTRIES
TAGS: EIND, EMIN, ETRD, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005